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	9/14	LAB 6 CIA 10 Com-6 Army-2 Navy-3 USA-10

SUBJECT: Outlook for Finnish Trade Union Movement Copenhagen-1 Oslo-1 London-1 Moscow-1 Stockholm-1

The Finnish trade union movement is in the throes of a divisive trend, politically inspired, which has (a) brought the Confederation of Trade Unions (SAK) into the hands of a left-wing Social Democratic Opposition (Skogist) and Communist coalition; (b) seen the exfoliation from SAK of 15 Social Democratic Unions (with some 50,000 members in all) since 1958, with additional withdrawals in the offing; (c) caused the Social Democratic trade unionists to undertake the unenviable task of establishing in the near future a new trade union central organization which will combine the unions which left SAK in 1958 to form the Joint Organization of Trade Unions (AYJ) and those having left or withdrawing as a result of the developments culminating this summer in the outright cooperation between Skogists and Communists in the SAK executive organs.

In this chaotic situation, with central organization, member unions, and locals often split between competing factions, the outlook for stability in the labor market in the foreseeable future is dim at best. Parallel unions have already been established in several branches, with more to be formed, adding confusion to an already difficult collective bargaining picture. The organizational struggle between industrial and craft unions, with SAK favoring, as before, the former and the new Social Democratic central organization perforce supporting the latter since many of its potential accretions will be Social Democratic craft sections of larger Skogist or Communist unions, will tend to revive a controversy all but dead in Finland. The political struggle may be expected to make itself felt in the labor market through increased illegal strike activity or walkouts motivated by other than economic causes.

The attitude of management at present tends to favor the Skogist/Communist group, although there is still much room for maneuver. The employers prefer dealing with one strong central labor organization.

Until a new Social Democratic central organization is founded the Employers Association (STK) will continue to deal with SAK, and even at this moment are starting negotiations with SAK on next year's contracts. The fact that wage talks have started has enhanced the prestige of the Skogists and Communists and undoubtedly has militated against Social Democratic efforts to break away their factions from SAK. Although Social Democratic unions have reportedly established contact with the STK their spokesmen have informed the Embassy that SAK will negotiate the first contacts, thereby establishing the pattern for the labor market. Management's concern for "labor peace" appears paramount at this time, regardless of concomitant support of

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From Helsinki

Skogist/Communist political goals or aims in the trade union movement.

The present Agrarian minority government, through its June attempt to bring five Skogists into a multi-party cabinet, has revealed conclusively that the Agrarians are backing Skogists in the all-out struggle in the trade union movement between the competing Social Democratic groups. Although the formation of the Government did not succeed, the propaganda value of the invitation to participate in the Government was of considerable value to the Skogists. **BIED**

From the foregoing, it will be noted that the forces at work in the labor market definitely militate against the Social Democrats. Although the latter are hesitant to assess their future prospects, they are convinced that they have a strong nucleus for a new trade union confederation. However, they admit that it will take several, if not many, years to build up a membership competitive with that of the present rump SAK. A liberal estimate of potential strength gives them a membership of some 65,000 when they form the new central organization. The largest unions in Finland will, however, remain in the SAK, a factor difficult for the Social Democrats to counterbalance.

Therefore, in the foreseeable future, the Skogists and Communists will play a dominant role in the Finnish trade union movement and labor market activities and are not likely to meet effective opposition for some time. Whether or not the Social Democrats can marshall sufficient power eventually to regain the leading position in the Finnish trade union movement appears to depend on (a) financial support permitting them to expand their trade union organizational activity, (b) a change in the political climate of Finland, making less favorable the condition for Skogist and Communist growth, and (c) the ability of management to recognize the threat of possible Communist domination of the trade union movement. Since none of these conditions give the appearance of being resolved in favor of the Social Democrats in the foreseeable future, the prospects at this time for a strong, single, democratic, unified trade union movement in Finland are uncertain.

Harvey F. Nelson

Harvey F. Nelson
Second Secretary of Embassy

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